

A STATEMENT OF FACTS

Presented by the

Long Island Railroad Company

FOR THE INFORMATION OF ITS
DAILY RIDERS AND PATRONS

Concerning Operations, Past, Present
and Future

*YOU Are Interested
Please Take This Home and
Read It Carefully*

RALPH PETERS

President

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What Is the Function of a Railroad Company?

THE function of a Railroad is to produce Transportation.

To carry passengers to and from their daily work or on their journeys, to handle the mails, the parcels post and express, to move freight, to transport the produce, the merchandise and the manufactures of the country,—these services constitute Transportation.

The Railroad does not manufacture or trade for profit. It has no way to create and store up a surplus

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stock of goods. It must produce and furnish Transportation, from day to day as needed, to be sold at rates controlled by public authority. It has no rising market. It cannot be a profiteer or make war profits.

It must meet all demands for increased service by additions to its capital, depending upon such additions to earn the carrying charges, rather than providing them from profits or surplus income.

It must pay heavy taxes upon all the property devoted to its business, which simply adds to the cost of the Transportation produced, and as all taxes continue to increase regardless of increases in facilities, the Railroad, consequently, when faced with advancing costs of operation, must depend upon increased rates for the additional revenues and credit so necessary to meet the demands of its

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increasing traffic. It is only the wide-awake progressive Railroad that has an ever-growing, increasing traffic.

The Position of the Long Island Railroad

The Long Island Railroad, from its excellent location and its careful development by a wise and broad policy, occupies a most important position in serving the great Metropolitan District of New York.

With its many branches reaching all parts of Long Island, it provides rural homes for a vast population that otherwise would be crowded into the Great City.

It has two great passenger terminals, one at Flatbush Avenue, Brooklyn, where it connects with four City Subway Lines; the other at Seventh Avenue and Thirty-third Street, New

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York, where it connects with the Seventh Avenue Subway and also with the great transportation systems of the Pennsylvania Railroad and the New York, New Haven & Hartford Railroad, whose trains, with those of the Long Island, jointly use the Pennsylvania Station.

It handled during 1919 a total of 64,067,541 passengers—a daily average of 175,000 people.

Four or five City rapid transit lines have been built into the territory served by the Long Island, in several cases parallel to it, but notwithstanding this the growth of traffic on the Long Island seems to be greater in the sections where the rapid transit lines have been extended. This condition is, in a way, alarming, because the main arteries from Brooklyn and New York to Jamaica are being choked up so that

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service to points east of Jamaica which has no other means of transit is greatly handicapped by this local traffic, which should be taken care of by the City-owned rapid transit lines. The rate of fare between the two lines is about the same, and, while this condition continues, the Long Island service will suffer a greater handicap because its service is so much quicker and better that the working public uses it rather than the rapid transit lines. The Long Island cannot successfully handle this traffic, and at the same time take care of the vast section of Long Island lying east of Jamaica.

In addition to doing such great service in moving the people to and from their work in the City, the Long Island Railroad has become a great distributor of fuel, building material, food supplies, and all classes of

freight. It serves hundreds of factories in Long Island City, in Bushwick, in the Evergreen Section, on Atlantic Avenue, in East New York, along its Bay Ridge Line, in Flushing, College Point and Whitestone, in fact, all over the Boroughs of Queens and Brooklyn. Industries located on the Long Island Railroad within the Metropolitan District, with few exceptions, enjoy Greater New York freight rates, and on account of the independent position occupied by the Road with its separate management, can ship and receive freight by any line entering New York.

Besides this distributing business, it furnishes an important part of the New York Connecting Railroad, which handles the traffic interchanged between the New Haven and Pennsylvania Systems via Hell Gate

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Bridge, by which route it also handles the interchange of traffic between the New York Central Lines and Long Island.

In fact, the Long Island is rapidly helping to solve the problem of freight congestion in New York Harbor by inducing more and more industrial establishments to locate in Queens and Brooklyn, where they can secure side tracks and direct rail connection with all railroads, thus avoiding the trucking of freight through the crowded streets.

It handles over 1,500 carloads of freight daily, and with the growth now going on, this figure will soon reach 2,000 cars per day.

If it is permitted to charge sufficiently for its services to enable it to earn a fair return on its property investment, it can command the

capital to still further enlarge its facilities and be of still greater service to the people of Long Island and the great Metropolis.

It should be extended along Newtown Creek into Greenpoint. It should connect with the Bush Terminal Railroad and through it build up the South Brooklyn Marginal Road.

It should be extended to Mill Island and connect up with the great Jamaica Bay Terminals soon to be built by the City.

Its usefulness depends upon its capacity, which is only limited by its ability to attract capital, and not by its opportunities for expansion.

How Can We Continue the Growth of the Long Island Railroad Facilities?

It requires enterprise and vision to make such developments.

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Enterprise is the most important element in every transportation development.

Enterprise commands capital. Capital employs labor. Labor produces service. Service brings revenue and reward to Labor, Capital and Enterprise, and Prosperity and Happiness to the Community.

Will public ownership or public management accomplish all this?

Will compulsory and artificial consolidations of all the roads into a few huge, unwieldy systems do it?

Past Performances

Fifteen years ago, the Long Island Railroad Management launched a comprehensive plan of expansion of the transportation facilities on Long Island, so as to meet the great growth in traffic that was foreseen when the

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Pennsylvania tunnels and terminal improvements were completed.

What has been the result?

1. The number of passengers carried per annum has increased from 18,199,000 to 64,067,000.

2. Number of passengers purchasing monthly commutation tickets has increased from 76,644 to 367,987.

3. Number of tons of freight handled increased from 2,745,000 to 5,912,000.

Yet, with this great increase in volume of traffic, the Road finds itself unable to meet the mounting costs for operation brought about by general conditions beyond its control.

The policy adopted by the Long Island Management has brought many large industries and thousands of men and women to Long Island, particularly to Queensboro.

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There are, however, some organizations that are carrying on a campaign toward lowering the Railroad rates (in face of the great increase in cost of operation), their main contention being that the Long Island commutation rates are higher than rates charged by other roads leading out of New York City.

The nearby rates for monthly tickets are somewhat higher, it is admitted, but the conditions are not the same.

Seventy per cent of the Long Island's business is passenger, while on other roads the freight business is approximately 70 per cent.

The Long Island is a standard road, paying standard wages and using standard equipment and materials.

The passenger business is expensive to handle, and the Long Island

must get its average rate per passenger per mile up to 1.6 cent, or it cannot make ends meet. The Company does not have a heavy freight tonnage to absorb losses from passenger traffic the same as the larger trunk lines.

The commutation traffic on the Long Island aggregates about 47 per cent of the total passengers carried one mile, while the revenue from that 47 per cent aggregates less than 24 per cent of the total revenue, which shows the expensive load carried.

Growth of Long Island Railroad in the Past and Plans for the Future

Do the "old timers" on Long Island fully realize the wonderful growth that has taken place since

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Atlantic Avenue was electrified and the Interborough Subway to Flatbush Avenue Terminal completed in 1905 ?

Here are some facts.

1. Passengers carried on entire Long Island System:

1905.....	18,199,000
1919.....	64,067,541
2. Passengers handled at Flatbush Ave. Terminal:

1905.....	8,500,000
1919.....	27,543,000
3. Passengers who purchased and used regular monthly commutation tickets on entire system:

1905.....	76,644
1919.....	367,987

The Pennsylvania tunnels and terminal were completed in the Fall of 1910.

In 1911, the number of passengers using Long Island trains in and out of the station was..... 6,224,429
In 1919, the number was..... 19,843,205

During this period the actual expense of operating the Pennsylvania

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Station and the Tunnels under the East River has been divided between the Pennsylvania Railroad and the Long Island Railroad, on the basis of cars handled by each road. The rental for these facilities has been borne almost entirely by the Pennsylvania Railroad, the Long Island paying only a nominal amount per year.

The Long Island Railroad Company, between 1905 and 1919, expended in the neighborhood of \$60,000,000 for electrification, new equipment, elimination of grade crossings, additional running tracks, yards, stations, etc.

On January 1st, 1920, the Railroad finds the following new burdens that have to be met and necessities for the future to be planned in order to keep up with the growth of the Island:

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1. Capital expenditures while road was under Federal Control:	Per Year
Total, \$2,550,000.	
Proposed to pay back in 10 years	\$255,000
2. Equipment purchased for Long Island Railroad by Government:	
1,500 Freight Cars; total, \$4,434,000.	
Proposed to retire in 15 years...	300,000
3. 100 New Passenger Cars for 1920 delivery:	
Total, \$2,084,000.	
To retire in 12 years.....	170,000
4. Interest on balance at 6%, first year equals.....	540,000
5. Equipment obligations now existing.	500,000
(This obligation is reduced to \$200,000 per annum for 1922, 1923 and 1924, and to \$94,000 per annum for 1925, 1926 and 1927)	
	<hr/> \$1,765,000

Additional Capital Required for Next Ten Years to Keep Up With Growth of Traffic

Additional capital must be provided in the immediate future to meet the demands for the extension of electrification, for new locomotives, additional passenger cars, new

freight delivery yards, and additional tracks and elimination of grade crossings, for shop improvements, buildings and tools, new stations and platforms and the innumerable local changes constantly taking place in this densely populated territory. Not less than 25 Million Dollars must be expended, and this may run into 50 Millions if the Public desires the road to perform its functions properly. This capital cannot be raised unless we can show a basis of earnings assuring safety of principal and a fair return.

The "High Cost of Living"
Also Hits the Long
Island Railroad

In common with other industries and businesses, the expense of running railroads has gone up during the past few years, and the railroad

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owners and managers do not expect any reduction in wages and prices for material and supplies for some years to come.

The Long Island Railroad employs about 9,000 men and women.

In 1917, the pay-rolls aggregated	\$7,220,794
In 1919, they were	13,845,841

Being an increase of \$6,625,047, or 91.7 per cent.

The increase in 1919 over 1918 was \$2,842,759, or 25.8 per cent.

These pay-rolls were increased by rates of pay and working conditions established by the Director General of Railroads and cannot be changed.

Every patron of the road will be interested to know what it costs to operate a busy transportation system where nearly 1,000 trains per day are moved and which carried over 64,000,000 passengers and nearly 6,000,000 tons of freight in 1919.

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The total expenses amounted to \$20,586,849, divided about as follows :

Pay-rolls, Chargeable to Operating Expenses.	\$12,951,124
Power: Electric Current and Fuel for Locomotives.	2,425,000
Taxes, Exclusive of War Taxes.	1,110,000
Casualties: Personal Injury and Loss and Damage.	365,000
Materials for Repairs to Equipment and Buildings, Track, Stationery and Printing, Train Supplies, etc.	3,675,000

The total expenses, including all cost of operation and maintenance, increased over 1918 in the amount of \$3,847,778, while earnings increased only \$2,140,817.

In 1919 the Long Island Railroad did not earn enough to meet operating expenses, taxes, and interest on bonds and other obligations, so that notwithstanding the enormous increase in volume of traffic, the cost of doing business has more than kept pace with

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the earnings, and the Railroad now finds that it must have increased revenue beyond the earnings that come from increased volume of traffic.

When the Director General of Railroads made a general increase in freight and passenger rates in 1918, the Long Island did not get the full increase in passenger rates granted to all railroads, due to the fact that one-way rates for single tickets east of Jamaica were already three cents per mile. The local population in Greater New York, particularly on Atlantic Avenue and at Rockaway Beach, protested against raising all rates, except commutation rates, to three cents per mile, with the result that only a 10 per cent raise was authorized. This increase in rates brought about an increase in the earnings per mile per passenger from 1.38 cents in 1917 to 1.62 cents in

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1918. In 1919 this was reduced to 1.53 cents, due to the discontinuance of the long haul camp business handled in 1918.

The Long Island Railroad gets only 1.53 cents per mile for carrying a passenger, while other roads in the United States average about 2.65 cents per mile, the bulk of the traffic paying 3 cents per mile.

To show what this means, the Long Island in 1919 carried over one billion passengers one mile. If 2.65 cents per mile had been received, instead of 1.53 cents per mile, the total passenger earnings would have been \$11,000,000 more. It is natural, however, for the Long Island earnings to be less than the average because 47 per cent of all the travel on Long Island uses monthly commutation tickets, which average three-quarters of a cent per mile.

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It is safe to say that the cost of things we individually eat and wear and use has increased from 50 to 100 per cent in the last three years. Interest rates on new capital have increased from 4 to 7 per cent, or 75 per cent.

Now, why should not the selling price of transportation also be increased? The cheapest thing sold to the public today is Railroad Transportation. Steamship lines, hotels, newspapers, magazines, and, in fact, every business has had to increase rates in order to keep going.

Railroad wages must be liberal enough to command the best of employes, or good service cannot be maintained.

Practically all businesses and individuals have profited by the vast expenditures made by the Government due to the war. The Railroads have not.

How the Long Island Railroad Can Meet the Situation

This bulletin has been issued by the Company for the purpose of acquainting its patrons with what it has done, what it plans to do, and what it needs in the way of financial assistance.

The rate increase of June, 1918, added to the Long Island Railroad revenues about \$2,120,000 per annum over the 1917 basis. This was not sufficient. With the continuing increases in wages and costs generally, the road will be in distress and unable to give you the service you must have to live comfortably.

You need, and must have, safe, reliable transportation in clean cars, well heated and lighted.

There must be sufficient equipment so that you can have a seat

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and enjoy the morning and evening papers en route.

You must have reliable locomotives to haul the trains so that the schedule, as advertised, can be maintained. You cannot afford to be late in arriving at your place of business or at your home. You want to feel that the cars you ride in are safe and well maintained, and that the employes who handle the trains are well paid and competent.

New cars and locomotives must be purchased, new stations built, grade crossings eliminated. Present obligations must be provided for.

In 1919, the Long Island Railroad Company paid out for interest on obligations and war-taxes.....\$3,185,034.00

With Earnings showing:

Net Income actually earned, after	
Payment of Taxes.....	2,508,572.00
Other Corporate Income.....	672,578.00
	<hr/>
Total Income.....	\$3,181,150.00

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No dividend earned on Capital Stock.

Therefore, the Long Island Railroad faces these facts:

1. The present rates of wages, material and supplies are not likely to decrease for several years.

2. In 1919, not enough was earned to pay interest and taxes.

3. Obligations have been added in equipment and betterments, as before stated, which adds \$540,000 per year interest charge and an added annual amortization charge of \$725,000, or \$1,265,000.

4. Net earnings, or ability to earn on capital already invested, is the only way to attract new capital to carry on the \$25,000,000 to \$50,000,000 additional improvements that must be provided in the next ten years.

Plan of the Management to Meet the Situation

1. A general increase in freight rates will probably be made. The Long Island should receive from such an increase, based upon its proportion of the through rates, about \$800,000.

2. Increase, by ten per cent, all commutation and school tickets. Such an increase means a monthly increase on each ticket within heavily traveled zones of from thirty-three cents to about a dollar and a half, or from $\frac{1}{2}$ cent to $2\frac{1}{2}$ cents per trip.

3. Adjust one-way and round-trip rates to all points, outside of Greater New York, to basis of 3 cents per mile for actual distance traveled. This will make a slight increase in some cases where the present rates are not so figured.

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4. Increase local electric fares on Atlantic Avenue from six to eight cents in the zone between Flatbush Avenue and Railroad Avenue (except Nostrand Ave.), and from eleven cents to thirteen cents in the zone between Flatbush Avenue and Jamaica. In connection with this increase, the Railroad will put on sale tickets in strips of twenty, to be sold for \$1.50 in the first zone and \$2.50 in the second zone. This concession is made to induce patrons to buy tickets, which insures the Company getting its revenue, and avoids the collection of cash fares on the train with the consequent slowing down of trains for that purpose.

5. Adjust and equalize the rate on fifty-trip tickets to two and one-quarter cents per mile to and from all points. This will mean a saving in a good many instances and over-

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come a condition where a combination of local rates is less than the through rate.

6. Restore the popular ten-trip tickets between all points which were discontinued during Federal operation, the basis per mile being two and one-half cents, which will mean a saving over the single and round-trip rates, which are straight 3 cents a mile. This will stimulate travel, and will make it an object for patrons to purchase tickets and have them on hand for their families, instead of paying cash fares on trains after ticket offices are closed, and thus contribute to train delays.

7. Increase the one - way and round-trip rates between Flatbush Avenue and Jamaica on express train connections, and between New York and Brooklyn and various other stations in Greater New York,

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to overcome as far as possible a condition where through ticket rates are more than the sum of two local fares, thus creating a discrimination contrary to the law.

The above increases and adjustments in the passenger fares will provide additional passenger earnings of about \$800,000 per annum.

These increases from Freight and Passenger Rates, aggregating \$1,600,000, supplemented by increased traffic, we believe, will enable the Road to pay expenses, taxes, interest, etc., and justify the providing of new capital to keep up with the growth of the traffic, and to give Long Island the first-class service it must have in order to continue the expansion that is now so active.

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The War-Work Performed by the Long Island Railroad

It is doubtful if the residents of Long Island and the travelers on the Long Island Railroad fully realize the part that Long Island played in the great World War. A History was kept covering every detail that came under the observation of the railroad officers, and below are a few of the items that stand out in this interesting compilation.

PERIOD COVERED—JULY, 1917, TO
OCTOBER, 1919

1. Troops moved to and from Camps on Government Orders.....	3,264,315
2. Troops handled on furloughs and visi- tors to Camps.....	1,120,949
Total.....	4,385,264
3. Special Trains operated to carry the above.....	8,024
Number of Cars required.....	79,616
4. Number of Tons of Freight Moved to and from Camps.....	1,136,146
Requiring about (cars).....	38,000

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5. Number of Army Camps, Naval Stations, and Aviation Camps on Long Island.....	18
6. Number of manufacturing industries located on Long Island which devoted entire plant or portion thereof to manufacture of war supplies....	80

The heaviest month for handling troops was July, 1918, when 308,642 men were handled on 475 special trains.

The largest number of troops handled in one day was on July 13th, 1918, when 32,015 men were moved on 48 special trains requiring 611 cars.

The Railroad was called upon to construct tracks and other facilities at the various Camps.

Camp Upton was decided upon about the middle of June, 1917, and on June 20th, Army and Railroad Engineers met on the ground to decide upon facilities required.

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Camp Mills was decided upon in August, 1917, and the Aviation Fields followed.

The following amounts of money were expended by the Railroad and the work involved done by the Railroad forces:

At Camp Upton—Terminal tracks, etc...	\$393,535
At Camp Mills—Terminal tracks, etc....	89,513
At Aviation Fields—Side tracks.....	34,174
Total.....	<hr/> \$517,222

The Government constructed 1,423 buildings at Camp Upton and 838 at Camp Mills.

The Railroad had to take care of transportation of materials and labor for this gigantic undertaking.

The War Department reported that over 2,000,000 American troops were in France when the Armistice was signed. Of this number the Long Island Railroad handled

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803,533 from Long Island Camps to points of embarkation, or 38.2 per cent of the total.

In the demobilization of the Army, the Long Island Railroad transported 1,391,455 men, 926,077 through Camp Mills and 465,378 through Camp Upton.

The Long Island Railroad furnished all the locomotives and practically all of the passenger and baggage car equipment necessary to handle these troops. This was a most remarkable feat when one considers the impossibility of securing additional equipment during this period.

The Long Island Railroad handled 14 complete Divisions of the Army at these Camps.

All the increased revenues from this traffic, however, went to the Federal Treasury and was used up by the increased cost of operation.

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It is also interesting to know that 880 officers and employes of the Long Island Railroad were in the service—723 in the Army, and 157 in the Navy.

Encourage the enterprise of the Long Island Railroad by the moderately increased rates of transportation which are necessary, and so continue its development.

Why not quietly think the matter over, discuss the problem in a friendly way, and then get together to bring about a proper solution?

It is your problem as well as that of the Management. You want the services of the Railroad. The latter wants your patronage, and gives you these facts that you may fully understand the conditions.

Let us help one another, and thus help ourselves.

THE LONG ISLAND RAILROAD CO.

RALPH PETERS, President

New York City
May 1st, 1920

